



With you

Annual Report 2012

MLC Superannuation Fund

This report is for members in:

MLC Wrap Super and

MLC Navigator Retirement Plan



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Issued by: The Trustee,
NULIS Nominees (Australia) Limited
ABN 80 008 515 633 AFSL 236465

for MLC Superannuation Fund
ABN 40 022 701 955

This annual report is your update on how your money is invested and a reminder of some things you should know.

The Fund's Financial Reports are also provided.

This is the annual report for the MLC Superannuation Fund and is relevant to:

MLC Wrap Super and
MLC Navigator Retirement Plan.

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A year in review

With the market environment continuing to look uncertain in the near future, it's understandable people are keeping a close eye on their super.

Building greater transparency and trust in the financial service industry is a key priority for MLC and the Government. As a result, a number of legislative reforms are being introduced, which will ultimately benefit super members.

During this time of significant change, you'll be pleased to know we're working hard to make sure your interests are both protected and represented.

Thank you for choosing us to help you achieve your retirement goals.

A handwritten signature in white ink that reads "Geoff Webb". The signature is written in a cursive, flowing style.

Geoff Webb
Chairman
NULIS Nominees (Australia) Limited

Looking out for your interests

The directors of the Trustee Board have a variety of work and life experiences which help them represent your interests.

Made up of executive and non-executive directors who are personally responsible for any decisions they make, their duties include:

- providing investment choice
- ensuring your interests are maintained, and
- keeping you informed of any changes.

The Trustee Board is liable for its activities and has professional indemnity insurance.

The Trustee Board has appointed Navigator Australia Limited to carry out the day-to-day administration of the Fund.

Meet the Board

The directors are:

Geoff Webb – Chairman

B Ec (Hons) 1970
AIA (UK)
AIAA (Australia)
FAICD, FAIM

Patrick Burroughs

BSSc (Hons) 1971
FCA, FAICD
Resigned 24 June 2012

Michael Clancy

B Bus (Finance and Economics) 1992
CFA 1997

Michael Fitzsimons

Diploma of Financial Services
ANZIIF

Peggy Haines

BA (Virginia) 1973
JD (Virginia) 1976
Diploma of Superannuation Management
(Macquarie) 1994
FAICD

Richard Morath

BA 1968
FIA (UK and Australia)
ASIA

Richard Rassi

B Comm (UNSW) 1983
Certificate of Superannuation Management
(Macquarie) 1993
FCA, FAICD
Appointed 29 May 2012

John Reid

B Sc Mathematical Physics 1971
FIA (UK and Australia)

Nicole Smith

BFA 1990, CA
GAICD

About your account value

How earnings are reflected in your account

Income from investments will be in the form of capital growth, dividends, interest and distributions that occur at different times throughout the year.

Please refer to the relevant investment's disclosure document and the Australian Securities Exchange (ASX) (for listed securities) for details. Income received is usually net of fees and charges.

Income distributions will be allocated to your Cash Account after we receive them. All income distributions must be received as cash as we don't administer dividend and distribution reinvestment plans.

Interest earned on your Cash Account is paid after the end of each quarter.

How your account is valued

The value of your account is the sum of all the investments held in your account (including your Cash Account).

The value of your investments is based on:

- prices provided by the investment managers and the ASX
- the number of units or shares you hold, and
- any fixed interest investments you have.

Prices are generally provided daily, however there may be times when we don't receive updated prices. This may occur when shares are delisted or assets can't be valued. In these circumstances we may have to use different valuation methods.

Some things you should know

Transfers to an Eligible Rollover Fund

We may transfer your account balance to an Eligible Rollover Fund if:

- you haven't made a contribution in the last 12 months and your balance falls below \$2000, or
- we lose contact with you and can't locate you.

The Eligible Rollover Fund we currently use is the Australian Eligible Rollover Fund and it can be contacted on **1800 677 424**.

We'll advise you in writing to your last known address if we intend to transfer your account balance and will proceed if you don't respond with instructions regarding an alternative super fund.

Please note, a transfer to an Eligible Rollover Fund may be detrimental to you as the Eligible Rollover Fund may have a different fee structure, different investment strategies and may not offer insurance benefits.

Transfers to the Australian Taxation Office (ATO)

We're required by law to transfer your account balance to the ATO if:

- we've lost contact with you and your account balance is less than \$200, or
- your account has been inactive for five years, we have not been able to contact you and, with the information reasonably available to us, we're satisfied that it will never be possible to pay the account balance to you, or
- you were a temporary resident and have departed Australia and you haven't claimed your benefit within six months of becoming eligible.

You will then need to contact the ATO to claim your benefit.

Some things you should know

Surcharge assessment for prior years

The Superannuation Contributions Surcharge (surcharge) was removed in relation to contributions made from 1 July 2005. However, a surcharge liability may still arise in respect of relevant contributions made in prior years.

The surcharge assessment may be sent to the Fund, in which case the amount will generally be deducted from your account (unless it's a pension account) and paid to the ATO.

If you've withdrawn your account balance (in whole or part) or commenced a pension, the ATO may send the surcharge assessment to your new super arrangement or directly to you.

Where you receive the assessment directly, you'll be responsible for paying the surcharge to the ATO. If you have a pension account, you're generally able to ask us to pay you a lump sum in order to meet your surcharge liability.

If you have any questions about the surcharge please visit the ATO website at ato.gov.au or call **131 020**.

Illiquid investments and portability

When you ask us to roll over or transfer your account balance, we're required to respond to this within 30 days. There may be a delay in processing your request where part of your account balance is invested in an 'illiquid investment'.

What is an illiquid investment?

An investment is considered illiquid when you're unable to access your investment within the required 30 days, or if you do it would be at a materially lower price. This situation may arise when:

- a fund manager suspends transactions or closes their fund
- the normal redemption processing timeframe for a fund is greater than 30 days, or
- a listed investment is under administration, suspended or delisted.

Where we're unable to process your request within 30 days, we'll notify your financial adviser of this and provide details of the illiquid investments.

Suspended or terminated managed funds

Economic and financial market conditions over the last couple of years resulted in some investment managers suspending redemptions on their funds.

In some cases the managed fund may have been closed.

If you have some of these investments, we've already notified you about these changes.

You can find a summary of these managed funds, including details of their current status, on our website.

Resolving complaints

We can usually resolve complaints over the phone. If we can't, or you're not satisfied with the outcome, please write to us. We'll work to resolve your complaint as soon as possible.

If you're not satisfied with our decision you can get further advice from the Superannuation Complaints Tribunal by calling **1300 884 114**, or emailing **info@sct.gov.au**

More information is available on **sct.gov.au**

How your money is invested

The investment objective of the Fund is to give you a wide choice of investment options from which you and your financial adviser can select investment strategies to suit your investment needs.

You can choose investments from:

- over 300 managed investments offered by a variety of investment managers
- over 500 ASX-listed investments
- a variety of term deposits, and
- a Separately Managed Account (SMA) providing access to a range of direct share portfolios.

If you haven't chosen a particular investment option, or your instructions aren't clear, your money will be retained in your Cash Account until we receive a clear instruction.

The full list of investment options is contained in the Investment Allocation Authority. For specific information on an investment option, please refer to the company information or the relevant disclosure document for that investment option. All these documents are available from your financial adviser or on our website.

Asset allocation

This section details the assets which have a value in excess of 5% of the total assets of the Fund as at 30 June 2012 include:

- NAB Professional Funds Account – 9.62%

Derivatives

Derivatives are a common tool used to enhance returns or manage risk.

They are contracts that have a value derived from an external reference (eg the level of a share price index).

There are many types of derivatives and they can be an invaluable tool for an investment manager.

However, they can also incur significant losses.

The Fund currently doesn't directly invest in or use financial derivatives except where financial derivatives are acquired as a result of a corporate action in relation to an investment within the fund.

Some of the available investment options may however invest in financial derivatives. How investment managers invest in derivatives is included in their Product Disclosure Statement on our website.

Financial report

MLC Navigator Retirement Plan and MLC Wrap Super are sub-plans of the MLC Superannuation Fund. The following abridged fund accounts for the financial year ended 30 June 2012 are for the whole of the MLC Superannuation Fund. The assets of the sub-plans at 30 June 2012 are given below:

MLC Navigator Retirement Plan	6.6 billion
MLC Wrap Super	5.1 billion

The fund accounts refer to the Parent entity, which is the MLC Superannuation Fund. The consolidated information includes the MLC Superannuation Fund and its subsidiaries—the MLC Pooled Superannuation Trust, the Cash Account Income Fund and the Separately Managed Account.

The full audited financial statements and auditor's report will be available on our website from December 2012.

You can also call us to receive a paper copy.

MLC Superannuation Fund Abridged Financial Information – Statement of Financial Position

As at 30 June 2012

	Consolidated		Parent entity	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Assets				
Cash and cash equivalents	457,678	324,918	-	-
Receivables				
Outstanding settlements	35,250	60,290	-	-
Investment revenue receivable	150,273	224,031	-	-
Receivable - MLC Pooled Superannuation Trust	-	-	3,832	4,006
Other receivables	1,079	3,226	115	229
Investments				
Professional Funds Account	1,289,410	-	-	-
Cash Management Account	-	477,733	-	-
Discount securities	-	196,303	-	-
Floating rate notes	88,322	-	-	-
Listed shares	1,576,561	502,973	-	-
Unlisted unit trusts	8,282,128	6,843,207	-	-
Term deposits	1,387,122	530,543	-	-
MLC PST	-	-	13,182,117	9,043,052
Other				
Income tax receivable	24,941	-	-	-
Deferred tax asset	115,500	84,235	-	-
Total assets	13,408,264	9,247,459	13,186,064	9,047,287
Liabilities				
Outstanding settlements	16,225	15,614	-	-
Fees payable to related parties	15,951	14,415	3,937	4,225
Distribution payable to external unitholders	1,453	2,661	-	-
Net asset value attributable to external unitholders	192,468	165,676	-	-
Other payables	50	800	10	10
Income tax payable	-	5,241	-	-
Total liabilities (excluding net assets available to pay benefits)	226,147	204,407	3,947	4,235
Net assets available to pay benefits	13,182,117	9,043,052	13,182,117	9,043,052
Represented by:				
Total Liability for Accrued benefits	13,182,117	9,043,052	13,182,117	9,043,052

MLC Superannuation Fund Abridged Financial Information – Operating Statement

For the year ended 30 June 2012

	Consolidated		Parent entity	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Investment income				
Rebates	6,197	4,203	-	-
Dividends	67,274	19,168	-	-
Interest	63,034	44,332	-	-
Distributions	421,506	421,977	-	-
Changes in net market values	(453,835)	170,390	13,058	497,363
Net investment revenue	104,176	660,070	13,058	497,363
Contributions revenue				
Employer contributions	253,365	182,877	253,365	182,877
Member contributions	492,016	317,889	492,016	317,889
Transfers from other funds	5,448,676	720,227	5,448,676	720,227
Insurance proceeds	5,188	2,927	5,188	2,927
Other	553	484	553	484
Total contribution revenue	6,199,798	1,224,404	6,199,798	1,224,404
Total revenue	6,303,974	1,884,474	6,212,856	1,721,767
Expenses				
Adviser review fees	41,531	12,742	41,531	12,742
Deferred entry fees	4,610	6,462	4,610	6,462
Entry fees	6,818	6,555	6,818	6,555
Insurance premiums	31,718	23,129	31,718	23,129
Management fees	134,028	126,304	-	-
Other fees	1,490	1,935	878	1,673
Increase in amounts due to external unitholders	2,138	14,643	-	-
Total expenses	222,333	191,770	85,555	50,561
Benefits accrued as a result of operations before income tax	6,081,641	1,692,704	6,127,301	1,671,206
Income tax (expense)/benefit attributed to benefits accrued as a result of operations	45,660	(21,498)	-	-
Benefits accrued as a result of operations	6,127,301	1,671,206	6,127,301	1,671,206

MLC Superannuation Fund Abridged Financial Information – Cash Flow Statement

For the year ended 30 June 2012

	Consolidated		Parent entity	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash Flows provided by operating activities				
Employer contributions received	253,365	182,897	253,365	182,897
Member contributions received	492,016	338,294	492,016	338,294
Interest received	61,407	49,630	-	-
Distributions received	496,891	310,613	-	-
Dividends received	67,274	19,168	-	-
Rebates received	6,197	4,203	-	-
Transfers in received	1,021,351	679,417	1,021,351	679,417
Compensation received	-	484	-	484
Other Income received	6,729	2,292	5,188	2,927
Management fees paid	(132,461)	(128,666)	-	-
Entry fees paid	(7,273)	(6,878)	(6,661)	(6,608)
Deferred entry fees paid	(5,055)	(6,762)	(5,055)	(6,762)
Insurance premiums paid	(31,629)	(22,380)	(31,629)	(22,380)
Adviser review fees paid	(41,501)	(12,736)	(41,501)	(12,736)
Other	(319)	(1,584)	(319)	(1,584)
Redemptions paid	(1,566,408)	(932,460)	(1,566,408)	(932,460)
Pensions paid	(421,829)	(275,433)	(421,829)	(275,433)
Tax received from the ATO	(32)	2,109	-	-
Superannuation contributions surcharge paid	(11)	(73)	(11)	(73)
Net cash flows used in operating activities	198,712	202,135	(301,493)	(54,017)
Cash flows from investing activities				
Purchase of investments	(5,598,560)	(3,775,789)	(1,773,262)	(1,204,686)
Proceeds on sale of investments	5,534,746	3,672,476	2,074,755	1,258,703
Amounts paid to external unitholders	(2,138)	(14,643)	-	-
Net cash flows from investing activities	(65,952)	(117,956)	301,493	54,017
Net increase/(decrease) in cash and cash equivalents	132,760	84,179	-	-
Cash and cash equivalents at beginning of the financial year	324,918	240,740	-	-
Cash and cash equivalents at end of financial year	457,678	324,919	-	-

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With you

How to contact us

For more information call us from anywhere in Australia on 1300 428 482 or contact your financial adviser.

Postal address:

GPO Box 2567
Melbourne VIC 3001

Registered office:

Ground Floor, MLC Building
105–153 Miller Street
North Sydney NSW 2060

mlc.com.au

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